GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:3748
ANSWERED ON:08.12.2016
Supply of Coal to Non-Power Companies
Arunmozhithevan Shri A.

Will the Minister of COAL be pleased to state:

(a) whether the fuel supply agreements with many companies in the non-power sector have expired and they are all eligible to participate once Coal India Limited (CIL) start offering coal for all these segments, if so, the details thereof;

(b) whether the long term e-auction will lead to signing of new set of supply contracts which will replace fuel supply agreements between consumers and CIL, if so, the details thereof; and

(c) the method/procedure to be adopted by CIL for supply of coal to non-power consumers vis-a-vis power consumers ?

Answer

MINISTER OF STATE (I/C) FOR COAL, POWER, NEW AND RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a): Around 150 fuel supply agreements (FSAs) with non-power sector companies (excluding PSUs) have expired in 2015-16. All these companies having Normative Coal Requirement of not less than 4200 metric tonnes per annum are eligible to participate in auction of coal linkages being conducted by CIL for non-regulated sector.

(b): Yes Madam, the auction of coal linkages for non-regulated sector will lead to signing of a new set of supply contracts which will replace the existing fuel supply agreements between consumers and CIL. According to the guidelines dated 15.02.2016 for auction of linkages for non-regulated sector all allocations of linkages/Letter of Assurance for non-regulated sector shall henceforth be auction based, the tenure of new FSAs shall be maximum of 15 years, there shall not be premature termination of FSAs of non-regulated sector as of now. However, there will be no renewal of existing FSAs of non-regulated sector [except FSAs of CPSEs and Fertilizer (Urea)] which are maturing in 2015-16 onwards, after completion of the current agreement tenure. The extant coal supply arrangements shall continue till commencement of coal supply under the auction process.

(c): As detailed in (b) above, allocation of coal linkages to non-regulated sector (non-power consumers) is done through a transparent electronic auction in accordance with the policy guidelines dated 15.02.2016. Allocation of coal linkages to the regulated sector (power consumers) is presently being administered on the recommendation of Standing Linkage Committee (Long Term) [SLC(LT)] under the Ministry of Coal. Letter of Assurance (LoA) issued by subsidiary companies of CIL to the consumers on the recommendation of the SLC (LT) prescribes milestones, on successful completion of those, an FSA is executed. Actual coal supply takes place as per the terms of the FSA.

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